

Appendix B (Cont.) High Technology Crime Costs in California

Sources and Assumptions

Overall

Costs are for 1998 unless noted

California Share of US Population:	12.3%	CA Dept. of Finance, California Statistical Abstract, Jan. 1999
California Sales Tax Rate:	7.25%	(not including local sales taxes), CA Board of Equalization
Local Sales Tax Rate:	0.25%	Assumption
Profit to Revenue Percentage	10.00%	Assumption
California Corporate Income Tax Rate:	8.84%	CA Franchise Tax Board
California Personal Income Tax Rate:	4.00%	Assumption
California Share of World GDP:	0.3%	Assumption
California Corporate Profit/Rev Rate:	8%	Assumption

White-collar

\$500 million: 1998 E-Commerce estimate, \$50B, and @1% fraud rate = \$500M

\$40 million: CSI / FBI Report, 1999, for selected firms

Rev./Empl:	\$112,000	Prof Business Services, Accounting	US Industry & Trade Outlook '98
Ave. Wage:	\$33,300	Estimate based on rev / empl level	
CA / US %:	19%	based on population	

Computers and Networks

\$2,000 million: Angelica (1998), Spam: Cisneros, 1999; Virus attacks: Reuters, June 18, 1999, a likely level

\$400 million: Senate Hearings, Security in Cyberspace, 1996, an older number

\$121 million: CSI / FBI Report, 1999, for selected firms

Rev./Empl:	\$397,000	Assume to be the same as Computers & Office Equip	US Industry & Trade Outlook '98
CA / US %:	25%	California / US percentage, below	
Ave. Wage:	\$59,775	Computer Programming Svcs	Cyberstates, v 3.0

Money Laundering

World: \$500 billion/yr, California share estimated as proportion of world GDP (0.3%).

Some California jobs and wages may be lost due to money laundering, but these are not accounted for in this analysis.

Rev./Empl:	\$112,000	Prof Business Services, Accounting	US Industry & Trade Outlook '98
Ave. Wage:	\$33,300	Estimate based on rev / empl level	

Telecommunications/Cable TV

Table V-2 (Cont.): High Technology Crime Costs in California

Wireline: \$1 billion nationwide: CA Telco

Wireless: \$300 million nationwide, based on Bell Atlantic, 1997

Cable / Satellite: \$740 million in California each year. C&R Research (1999)

Rev./Empl:	\$224,000	Telecommunications Services, 1996	US Industry & Trade Outlook '98
Ave. Wage:	\$49,033	Communications Services, 1997	Cyberstates, v 3.0

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Sources and Assumptions (Cont.)

Software and Content Piracy

World: \$11 billion; U.S. \$2.9 billion; music/games estimate \$200 million in US, based on Gallagher, 1998.

Rev./Empl:	\$380,000 Software	US Industry & Trade Outlook '98
US Employment, Software		
CA Employment, Software	136,993	
CA / US %:	25% California / US percentage, below	
Ave. Wage	\$66,536 Software & Comp Related- Svcs, 1997	Cyberstates, v 3.0

Motion Picture Production

World: \$2 billion, MPAA, 1999

Rev./Empl:	\$200,000 Assume this level for Motion Picture RJS Industry & Trade Outlook '98
Ave. Wage	\$33,300 estimate based on Rev./Empl. level
CA/World	75% estimate since most motion picture services are in California

Theft and Resale of Computers/ Components / Chips

\$4.247 billion in US: Source: Rand Report

California Share Calculation:	Rev./Empl:	Ave. Wage	US Empl	CA Empl	Rev./Empl (\$)	US Rev. (\$B)	CA Rev. (\$B)
Computers	\$397,000	\$70,419 Comp & Ofc. Equip.	371,585	94,953	397,000	148	38
Components	\$203,000	\$60,000 Electronic Comp.	371,903	78,330	203,000	75	16
Chips	\$340,000	\$59,993 Semiconductor Mfg	276,131	73,163	340,000	94	25
Ave Rev/Empl	\$313,333	Cyberstates, v 3.0			Total Revenue	317	78
Ave. Wage	\$64,012	Estimate based on rev / empl level			CA / US %:	25%	
		Rev/Empl estimates from US Industry & Trade Outlook '98					

Remarking Hardware

Included in Rand Study

Rev./Empl:	\$250,000 Assume to be the ave. of Electronic Components and Semiconductor Mfg., US Industry & Trade Outlook '98
Ave. Wage	\$64,012 Estimate based on rev / empl level

Counterfeiting Software

Rev./Empl:	\$380,000 Software	US Industry & Trade Outlook '98
Ave. Wage	\$66,536 Software & Comp Related- Svcs, 1997	Cyberstates, v 3.0

Trade Secrets Theft

\$250 million: ASIS Intellectual Property Loss Survey

Rev./Empl:	\$380,000 Assume to be same as Software	US Industry & Trade Outlook '98
Ave. Wage	\$66,536 Software & Comp Related- Svcs, 1997	Cyberstates, v 3.0
CA / US %:	25% California / US percentage, above	